



FILED

01-23-08

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into the Review of
the California High Cost Fund B Program.

R.06-06-028
(Filed June 29, 2006)

**ASSIGNED COMMISSIONER'S RULING
SCHEDULING WORKSHOP AND PROVIDING
TEMPLATE FOR REVIEW**

A workshop is hereby scheduled for February 7, 2008, starting at 9:30 a.m., in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California, for purposes of discussing and providing feedback regarding the finalization of scoring criteria to be applied in evaluating proposals for funding of broadband projects through the "California Advanced Services Fund" as adopted in Decision (D.) 07-12-054. In the Attachment B to this ruling is a preliminary draft template for submitting CASF proposals together with a proposed "point" scoring system to be used in comparing and ranking CASF proposals for purposes of making selections of projects to be funded. As explained in D.07-12-054, the Commission will adopt an explicit "point" scoring for specific criteria to evaluate the various broadband proposals in a relative ranking so that CASF money is allocated to those projects expected to provide the greatest broadband deployment at affordable rates.

The template set forth in the Attachment B to this ruling applies a numerical score to the various criteria, as identified in D.07-12-054, that are to be considered in evaluating proposed broadband projects submitted for CASF funding. The numerical scores set forth in the appendix should be viewed as a "straw man" to be used in the workshop as a beginning point for discussion of refinements of the scoring values to be assigned to the respective criteria that will

be evaluated to rank, select, and fund proposed projects. Workshop participants will have the opportunity to provide input regarding the format for the draft template and to suggest alternative weightings of the relevant criteria to be used for developing a score to rank and select projects for CASF funding.

The Commission staff shall distribute a preliminary draft report among workshop participants by February 25, summarizing the results of the workshop as to participants' positions on any revisions in the draft template and/or point scoring system. Workshop participants will have until March 3, 2008, to offer input to the Communications Division staff as to the accuracy of the Workshop report before it is finalized.

The Communications Division Staff shall deliver a final draft of the Workshop Report to the Assigned Commissioner by March 10, 2008. Parties to the proceeding shall be served notice of the final Workshop Report by an Assigned Commissioner's Ruling. The Commission will consider the results of the Workshop Report in approving the official template to be used for submission of CASF project proposals and for ranking projects to be selected for funding.

As prescribed in D.07-12-054, the Commission shall approve in a resolution the final scoring criteria and template to be used for CASF project proposals. A draft resolution shall be issued for comment at least 30 days prior to Commission approval.

IT IS RULED that:

1. A workshop is hereby scheduled for February 7, 2008, starting at 9:30 a.m. in the Commission Courtroom, State Office Building, at 505 Van Ness Avenue, San Francisco, California. The workshop agenda is in the Attachment A to this ruling.

2. The Attachment B to this ruling provides a draft template and “straw man” proposal to be used in the workshop as a beginning point for discussion of refinements of the “point” scoring values to be applied to the respective criteria that will be used to rank, select, and fund proposed projects. Workshop participants will have the opportunity to suggest alternative weightings of the respective criteria to be assigned for purposes of developing a score.

3. The Commission staff shall distribute a preliminary draft report among workshop participants by February 25, summarizing the results of the workshop as to participants’ positions on any revisions in the draft template and/or point scoring system.

4. Workshop participants will have until March 3, 2008, to offer input to the Communications Division staff as to the accuracy of the Workshop report before it is finalized.

5. The Communications Division Staff shall deliver a final draft of the Workshop Report to the Assigned Commissioner by March 10, 2008. Parties to the proceeding shall be served notice of the final Workshop Report by an assigned Commissioner’s Ruling.

6. As prescribed in D.07-12-054, the Commission shall approve in a resolution the final scoring criteria and template to be used for CASF project proposals. A draft resolution shall be issued for comment at least 30 days prior to final Commission approval.

Dated January 23, 2008, at San Francisco, California.

/s/ RACHELLE CHONG

Rachelle Chong
Assigned Commissioner

ATTACHMENT A

**CALIFORNIA PUBLIC UTILITIES COMMISSION
505 VAN NESS AVE., HEARING ROOM A
SAN FRANCISCO, CA 94102**

California Advanced Services Fund (CASF) Workshop

Phone Bridge (for listening only): 1-877-418-5002
Participant Passcode: 487101

*February 7, 2008
9:30 am - 4:00 pm*

Objective: Determination of Scoring Criteria for CASF Applications

Conducted by: Communications Division

AGENDA

<u>ITEMS</u>	<u>APPLICATION INFORMATION REF.</u>	<u>TIME</u>
• Opening Remarks - Commr. Rachelle Chong		9:30 - 9:35
• Overview of the CASF		9:35 - 11:45
○ Required Information from Applicants	pp. 2-3 pp. 3-4	
○ Submission and Timelines	p. 9	
○ Proposal Checklist	p. 10	
○ Affidavit		
(Lunch)		11:45 - 1:00
• Scoring Criteria	pp. 4-7	1:00 - 3:00
○ Funds Requested per Potential		

- Customer
 - Speed
 - Service Area
 - Timeliness of Completion of Project
 - Pricing
 - Guaranteed Pricing Period
- **Selection** p. 7 3:00 - 3:15
- **Payment** p. 7 3:15 - 3:30
- **Grant Execution and Performance** p. 8 3:30 - 3:45
- **Other issues** 3:45 - 4:00

(END OF ATTACHMENT A)

ATTCHMENT B

**THE CALIFORNIA ADVANCED SERVICES
FUND (CASF)**

Application Information



January 2008

I. Background

The California Advanced Services Fund (CASF), a two year program established by the Commission on December 20, 2007, under [D.07-12-054](#), provides matching funding for the deployment of broadband infrastructure in unserved and underserved areas of California to qualifying applicants. The funding will be used for projects that will first provide broadband services to areas currently without broadband access and then second, build out facilities in underserved areas if funds are still available. Applications for CASF funding will be considered beginning June 2, 2008.

\$100 million in funding is available for qualifying projects over a two year period.

II. Definitions

An “unserved” area is an area that is not served by any form of facilities-based broadband, such that Internet connectivity is available only through dial-up service or satellite.

An “underserved” area is an area where broadband is available, but no facilities-based provider offers service at speeds of at least 3 MBPS download and 1 MBPS upload.

III. Who May Apply

CASF funding is limited to entities with a Certificate of Public Convenience and Necessity (CPCN) that qualify as a “telephone corporation” as defined under Public Utilities Code §234 or wireless carriers who are registered with the Commission. Wireless carriers need not obtain a CPCN to qualify for CASF funding. An entity who has a pending CPCN application to provide service as a “telephone corporation” may submit a request for CASF funding subject to approval of its CPCN. CASF funding is also available to a consortium as long as the lead financial agent for the consortium is an entity holding a CPCN or a wireless carrier registered with the CPUC.

Applicants are also encouraged to offer basic voice service to customers within the service area of the broadband deployment subject to the CASF award. Any such voice service offering must, at a minimum, meet FCC standards for E-911 service and battery back-up supply.¹ For

¹ D.07-12-054, OP 16, pp. 62-63, mimeo

purposes of the CASF, “basic service” is defined to include any form of voice-grade service including that offered through a wireless or VOIP service.²

IV. Information Required From Applicants

Applicants are required to submit the following information to the Commission for each proposed broadband project (each “broadband project” is defined as deployment encompassing a single contiguous group of Census Block Groups (CBGs)):

1. Description of the provider’s current broadband infrastructure within 100 miles of the proposed project, if applicable; and shapefile (.shp)³ of current service area;⁴
2. Description of proposed broadband project plan for which CASF funding is being requested, including project size, download and upload speed capabilities of proposed facilities. The Commission established benchmark speed standards of 3 MBPS download and 1 MBPS upload. Applicants may propose lower speeds; speed will be a criteria considered in evaluating the applications with higher speeds being preferable;
3. Geographic locations by CBG(s) where broadband facilities will be deployed. A shapefile (.shp) showing boundaries of the specific area to be served by the project and list of CBG(s) and ZIP Codes that intersect the proposed project area should be submitted;
4. An explanation of the basis for asserting (i.e. reference to the California Broadband Task Force Report or other published reports) that, to the best of the applicant’s knowledge, the area is unserved or underserved. This includes figures, in MBPS, of (a) the current average download speed by CBG(s) and ZIP Code(s) and (b) the current average upload speed by CBG(s) and ZIP Code(s);
5. Estimated number of potential broadband subscribers;
6. Delineated schedule for deployment with commitment to complete build out within 24 months of the approval of the application. The schedule shall identify major construction milestones that can be verified by Commission staff;
7. Proposed budget for the project including a detailed breakdown of cost elements; the source, amount, and availability of matching funds to be supplied by applicant; and, the CASF funds requested. At least 60 percent matching funds must be supplied by applicant;
8. Performance bond;

² D.07-12-054, COL 13, p. 59, mimeo

³ This file format is compatible with ArcGIS software used by the Commission

⁴ Pursuant to D.07-12-054: All information other than the location of the proposed project shall be kept confidential.

9. Proposed recurring retail price per MBPS for applicant's proposed broadband service(s). Please also indicate initial service connection charges, if any;
10. Period of commitment to offer the initial price for broadband services to all households within the service area of the project. Minimum price guarantee period is one year;
11. Financial qualifications to meet commitments;
12. Proof of applicant's Certificate of Public Convenience and Necessity (CPCN) and/or applicant's U-Number. In the absence of a CPCN, proof of CPCN application pending approval or CPCN application number. Wireless carriers are exempt from this requirement;
13. Name and contact information (address, email address, and phone number) of applicant's key contact person, and company officers and directors.
14. Applicants are required to submit an affidavit, under penalty of perjury, that to the best of their knowledge all the statements and representations made in the application information submitted is true and correct. (Appendix B).⁵

Applicants are encouraged to reference the Final Report of the California Broadband Task Force, January 2008, which is available at www.calink.ca.gov/taskforcereport/.

V. Submission and Timelines

Completed applications should be filed electronically and a copy mailed separately to the Director of the Communications Division. Since applications are not filed with the Commission's Docket Office, these will not be assigned proceeding number(s). The timeline for application submission and evaluation is as follows:

Date	Action due
June 2, 2008	Initial deadline to submit funding requests
July 15, 2008 (or 30 business days after submission)	Responses to initial funding requests mailed
August 5, 2008 (or 45 business days after submission)	Responses to funding requests that offer to meet the proposed broadband commitment under different terms

⁵ Rule 1.1 of the Commission's Rule of Practice and Procedure.

CASF funding requests submitted after June 2, 2008, will be accepted but will be reviewed under a lower priority. These proposals will be reviewed and funded subject to the availability of remaining CASF funds.

VI. Proposal Checklist

The CASF Application Checklist form (Appendix A) must be completed and attached to the project proposal(s).

VII. Scoring Criteria

An evaluation team comprised of Commission staff will assess applications in each of the following areas: (i) Funds Requested per Potential Customer; (ii) Speed; (iii) Service Area; (iv) Timeliness of Completion of Project; (v) Pricing; and, (vi) Guaranteed Pricing Period by applying the corresponding criteria and assigning weights. Points will be awarded based on consensus of the evaluation team.

The following table summarizes the scoring criteria:

SCORING

<u>Variables</u>	<u>Weight</u>
i) Funds Requested per Potential Customer	50
ii) Speed	15
iii) Service Area	15
iv) Timeliness of Completion of Project	10
v) Pricing	5
vi) Guaranteed Pricing Period	5
Total = 100	

Applicants will be scored based on six variables with each variable scored relative to the best offer (highest amount or lowest, where applicable)

(Max/Min)). This effectively ensures that each variable will not exceed the intended percentage of the final score. Applications will be scored out of a possible 100 points and will be chosen so as to maximize total points within the constraint of funds available for the CASF.

Example:

Among three applicants, each proposes to serve 100, 75, and 50 square miles respectively. The highest value is 100, therefore, each applicant will be scored relative to that. Thus, the first applicant's score for this factor would be $(100/100)*15 = 15.0$; the second applicant's would be $(75/100)*15 = 11.25$; and, the third applicant's would be $(50/100)*15 = 7.5$.

i) Funds Requested per Potential Customer

This will be determined based on the number of customers the applicant will be able to serve divided by the funding amount asked for from the CASF should their proposal be accepted. Points will be determined based on the following formula:

$$Min(a) / a_i * 50$$

Where "a" is the funding amount (\$) requested from the CASF divided by the number (#) of potential customers for the specific project being scored and $Min(a)$ is the lowest funding amount (\$) requested from the CASF divided by the number (#) of potential customers among all the eligible projects submitted.

$$a = \text{Funds Requested} / \text{Potential Customers}$$

ii. Speed

This variable represents the difference between the current average speed per customer available and the average speed per customer available after the proposal is complete in the proposed areas. Applicants are encouraged to offer a minimum of 3 MBPS download and 1MBPS upload. Points will be determined based on the following formula:

$$b_i / Max(b) * 15$$

Where “ b ” is the sum of the square roots of the differences in upload and download speeds (MB) between pre- and post-project for the specific project being scored and $Max(b)$ is the highest sum of the square roots of the differences in upload and download speeds among all the eligible projects submitted.

$$b = \sqrt{\sum_{p=1}^n \frac{NSUp - OSUp}{n}} + \sqrt{\sum_{p=1}^n \frac{NSDp - OSDp}{n}}$$

The square root of the average speed increase is used to express the diminishing return of value associated with increasing speed. This encourages speed increases that are more noticeable and therefore valuable to the customer, but still rewards those who offer speeds far above the minimum.

where:

NSU = New Speed Upload

Average upload speed (MB) per customer post-proposal in the proposed areas.

OSU = Old Speed Upload

Average upload speed (MB) per customer pre-proposal in the proposed areas.

NSD = New Speed Download

Average download speed (MB) per customer post-proposal in the proposed areas.

OSD = Old Speed Download

Average download speed (MB) per customer pre-proposal in the proposed areas.

iii) Service Area

Service area is the applicant’s proposed area coverage including a list of CBGs, the total square miles, and any other appropriate geographical information. Points will be determined based on the following formula:

$$c_i / Max(c) * 15$$

Where “ c ” is the amount of area (Sq. Mi.) for the specific project being scored and $Max(c)$ is the highest amount of area among all the eligible projects submitted.

iv) Timeliness of Completion of Project

This factor measures the number of months the applicant will complete their proposal ahead of the 24 month cut-off date. Points will be determined based on the following formula:

$$d_i / Max(d) * 10$$

Where “ d ” is the number of months (Mo.) ahead of schedule for the specific project being scored and $Max(d)$ is the highest number of months ahead of schedule among all the eligible projects submitted.

$$d = 24 - TT$$

where:

TT = Total Time (Mo.) to complete

The total amount of time the proposal will take to complete. Total Time may not exceed 24-months.

v) Pricing

This factor measures the price applicants will charge, on average, per Megabit. Points will be determined based on the following formula:

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$$Min(e) / e_i * 5$$

Where “ e ” is the price (\$/MB) of service for the specific project being scored and $Min(e)$ is the lowest price of service among all the eligible projects submitted.

vi) Guaranteed Pricing Period

This factor measures the amount of time the applicant can guarantee the price of service beyond the mandatory year. Note: applicants must guarantee the initial price of their services in the proposed areas for at least one year. Points will be determined based on the following formula:

$$f_i / \text{Max}(f) * 5$$

Where “*f*” is the length (Mo.) of price guarantee for the specific project being scored and *Max(f)* is the highest length (Mo.) of price guarantee among all the eligible projects submitted.

$$f = \text{Months Guaranteed} - 12$$

VIII. Selection

Projects which receive the highest number of points based on the scoring criteria described above will be granted CASF funding. Individual awards for CASF funding will be authorized by the Commission in a separate Commission resolution.

IX. Payment

Payment to the CASF recipient will be on a progress billing basis with the first 25% to be made upon the proponent’s submission to the Commission staff of a progress report showing that 25% of the project has been completed. Subsequent payments shall be made on 25% increments showing completion at 50%, 75%, and 100%. A ten percent (10%) retention amount will be withheld from each payment, which will be paid upon satisfactory completion of the entire project. A project completion report will be required before full payment. The progress report will be submitted and certified under penalty of perjury.

Payment will be based upon receipt and approval of invoices/other supporting documents showing the expenditures incurred for the project in accordance with the CASF funding submitted by the CASF recipient in his application.

Payment will be made in accordance with, and within the time specified in, California Government Code commencing with Section 927.

The Commission has the right to conduct any necessary audit, verification, and discovery during project implementation/construction to ensure that CASF funds are spent in accordance with Commission approval.

The recipient's or contractor's invoices will be subject to a financial audit by the Commission at any time within three (3) years of completion of the work.

X. Grant Execution and Performance

The grant is subject to the approval of the Commission's fiscal control agency, the Department of General Services (DGS). Project start date shall be determined by the Commission and the CASF recipient after all approvals have been obtained. Should the recipient or Contractor fail to commence work at the agreed upon time, the Commission, upon five (5) days written notice to the CASF recipient, reserves the right to terminate the grant.

In the event that the CASF recipient fails to complete the project, in accordance with the terms of approval granted by the Commission, the CASF recipient will be required to reimburse some or all of the CASF funds that it has received.

All performance under the agreement shall be completed on or before the termination date of the agreement.

Appendix A

CASF APPLICATION CHECKLIST (Required for EACH proposed project)

To assist the Commission in verifying the completeness of your proposal, mark the box to the left of each item submitted.

- ☐ Description of Provider's current broadband and/or telephone service area
- ☐ Shapefile of current service area, with list showing number of current subscribers per CBG
- ☐ Description of Proposed Broadband Project Plan for which CASF funding is being requested
 - project size in square miles
 - average upload speed per CBG and ZIP Code
 - average download speed per CBG and ZIP Code
 - (Note: minimum average speed is 3 MBPS download and 1 MBPS upload)
- ☐ Geographic locations by census block group where broadband facilities will be deployed
 - Shapefile (.shp) showing boundaries of the specific area to be served by the project
 - List of CBGs and ZIP Codes that intersect the proposed project area
- ☐ Verifiable showing that the area is unserved or underserved, including:
 - Current average download speed
 - Current average download speed
- ☐ Estimated number of potential broadband subscribers for each CBG and ZIP Code
- ☐ Schedule for deployment (with identification of major construction milestones)
- ☐ Budget details for this project:
 - Breakdown of cost elements
 - Source, amount and availability of matching funds to be supplied by applicant
 - CASF funds requested
- ☐ Period of commitment to offer broadband services to all households within the service area of
- ☐ Financial qualifications to meet commitments:
 - Balance sheet as of latest available date
 - Income statement (covering the close of last year for which an annual report has been filed with the Commission up to the date of the balance sheet attached to the application)
- ☐ Performance bond
- ☐ Proposed recurring retail price per MBPS and service connection charge for new broadband
- ☐ Availability of basic voice service that meets FCC standards for E-911 service and battery
- ☐ Proof of applicant's Certificate of Public Convenience and Necessity (CPCN) and/or applicant's U-Number;
- ☐ In the absence of a CPCN, proof of CPCN application pending approval or CPCN application number.
- ☐ Name and contact information (address, email address, and telephone number) of applicant's

Applications will be considered beginning: June 2, 2008

Submit completed applications online with a hard copy mailed separately to:

**Director, Communications Division
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102**

APPENDIX B

AFFIDAVIT

Name of Carrier/Company

Utility Identification Number _____ or _____ check here if
Application for CPCN is pending and the CPUC assigned application no., if
available

My name is _____. I am _____(Title) of
_____ (Company). My personal knowledge of the facts
stated herein has been derived from my employment with
_____ (Company).

I swear or affirm that I have personal knowledge of the facts stated in this
Application for the California Advanced Services Fund, I am competent to testify
to them, and I have the authority to make this Application on behalf of and to
bind the Company.

I further swear or affirm that _____ [Name of
Carrier/Company] agrees to comply with all federal and state statutes, rules, and
regulations, covering broadband services and state contractual rules and
regulations, if granted funding from the California Advanced Services Fund.

I swear or affirm, under penalty of perjury, and under Rule 1.1 of the California
Public Utilities Commission's Rules of Practice and Procedure, that all of the
statements and representations made in this Application are true and correct.

Signature and title

Typed or printed name and title

SUBSCRIBED AND SWORN to before me on the ____ day of _____, 20____.

Notary Public In and For the State of _____.

My Commission expires: _____

(END OF ATTACHMENT B)

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated January 23, 2008, at San Francisco, California.

/s/ JEANNIE CHANG

Jeannie Chang